



Certified Public Accountants, A.C.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED NOVEMBER 30, 2020-2019**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Hancock County Agricultural Society
PO Box 148
1017 E. Sandusky Street
Findlay, OH 45839-0148

We have reviewed the *Independent Auditor's Report* of Hancock County Agricultural Society, Hancock County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period December 1, 2018 through November 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Hancock County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 14, 2021

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HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

May 30, 2021

Hancock County Agricultural Society
Hancock County
P.O. Box 148
Findlay, Ohio 45839

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the **Hancock County Agricultural Society**, Hancock County, (the Society) as of and for the years ended November 30, 2020 and 2019.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on the financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Society prepared the financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of Hancock County Agricultural Society, Hancock County as of November 30, 2020 and 2019, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the Financial Statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2021, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2020**

| | 2020 |
|---|-------------------|
| Operating Receipts: | |
| Admissions | \$ 450 |
| Privilege Fees | 6,547 |
| Rentals | 116,534 |
| Sustaining and Entry Fees | 27,255 |
| Other Operating Receipts | 167,329 |
| Total Operating Receipts | 318,115 |
| Operating Disbursements: | |
| Wages and Benefits | 107,035 |
| Utilities | 54,089 |
| Professional Services | 18,000 |
| Equipment and Grounds Maintenance | 30,282 |
| Property and Rent Services | 40,146 |
| Race Purse | 88,754 |
| Senior Fair | 1,140 |
| Junior Fair | 6,970 |
| Capital Outlay | 698,401 |
| Other Operating Disbursements | 177,713 |
| Total Operating Disbursements | 1,222,530 |
| Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements | (904,415) |
| Non-Operating Receipts (Disbursements): | |
| State Support | 87,114 |
| Local Support | 180,932 |
| Debt Proceeds | 48,546 |
| Donations/Contributions | 268,894 |
| Investment Income | 2,379 |
| Debt Service | (161,502) |
| Net Non-Operating Receipts (Disbursements) | 426,363 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | (478,052) |
| Cash Balance, Beginning of Year | 805,373 |
| Cash Balance, End of Year | \$ 327,321 |

The notes to the financial statement are an integral part of this statement

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2020**

Note 1 – Reporting Entity

The Hancock County Agricultural Society (the Society), Hancock County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1938 to operate an annual agricultural fair. The Society sponsors the week – long Hancock County Fair during Labor Day weekend in September. During the fair, harness races are held, culminating in the running of the Western Ohio Colt Racing Association. Hancock County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hancock County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and junior livestock sale. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including craft shows, horse shows, circuses, and personal property auctions. The reporting entity does not include any other activities or entities of Hancock County, Ohio.

Note 10 summarizes the Old Mill Stream Foundation's financial activity. The Junior Fair Board and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statements.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Society values Money Markets at cost.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2020
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

Race Purse

North Central Ohio Colt stake races are held during the Hancock County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees Horse owners and Western Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

Note 3 – Deposits

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30 was as follows:

| | |
|-----------------|--------------------------|
| | 2020 |
| Demand deposits | <u>\$ 327,321</u> |
| Total deposits | <u><u>\$ 327,321</u></u> |

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Society.

At November 30, 2020, \$37,757 of deposits were not insured or collateralized, contrary to Ohio law.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2020, in the amount of \$74,540 as State Support. In 2020, this included VLT funds of \$64,800.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2020
(Continued)**

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Hancock County Commissioners provide general insurance coverage for all the buildings on the Hancock County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | <u>2019</u> |
|-----------------------|--------------|
| Cash and Investments | \$38,432,610 |
| Actuarial liabilities | \$14,705,917 |

Note 6 – Social Security

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2020.

Note 7 – Debt

Debt outstanding at November 30, 2020 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-----------------------------|-------------------|----------------------|
| John Deere Tractor Lease | \$ 5,659 | 0.00% |
| Old Mill Stream Centre Loan | 441,956 | 3.25% |
| Real Estate Loan | 51,739 | 4.75% |
| New Tractor - 5075M | 41,000 | 4.50% |
| Total | <u>\$ 540,354</u> | |

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2020
(Continued)**

Note 7 – Debt (Continued)

On March 21, 2017, the Society entered into a capital lease agreement with John Deere Financial. The loan was paid off in March 2020.

On November 16, 2020, the Society received loan proceeds from Ag Credit to purchase a new tractor. The current loan bears an interest rate of 4.5 percent and matures on 1/1/2018.

On March 31, 2020, the Society entered into a capital lease agreement with John Deere Financial. The amount outstanding as of November 30, 2020 was \$5659. The lease ends on March 31, 2023 with the purchase option price of \$3,561

On October 14, 2017, the Society received loan proceeds from Fifth Third Bank to construct a Multi-Purpose Building on the fairgrounds. The loan was paid off in September 2020.

On September 17, 2020, the Society received loan proceeds from Premier Bank. The current loan bears an interest rate of 3.25 percent and matures on September 17, 2025.

On June 11, 2018, the Society received loan proceeds from Ag Credit to acquire additional property for the fairgrounds. The current loan bears an interest rate of 4.75 percent and matures on April 1, 2026.

Amortization of the above debt is scheduled as follows:

| Year Ending November 30: | John Deere Tractor Lease | Old Mill Stream Centre Loan | Real Estate Loan | Tractor Loan | Total |
|--------------------------|-----------------------------|-----------------------------------|---------------------|------------------|-------------------|
| 2021 | \$ 2,512 | \$ 24,521 | \$ 6,097 | \$ 4,600 | \$ 33,130 |
| 2022 | 2,512 | 23,474 | 9,514 | 5,240 | 35,500 |
| 2023 | 635 | 24,309 | 9,976 | 5,480 | 34,920 |
| 2024 | - | 25,173 | 10,460 | 5,732 | 25,173 |
| 2025-2036 | - | 344,479 | 15,692 | 19,948 | 344,479 |
| | <u>\$ 5,659</u> | <u>\$ 441,956</u> | <u>\$ 51,739</u> | <u>\$ 41,000</u> | <u>\$ 540,354</u> |

Note 8 – Construction and Contractual Commitments

As of May 30, 2021 the Hancock County Agricultural Society is contractually committed to Clouse Construction for the erection of a Youth Building not to exceed the amount of \$608,000. This obligation is secured by private contributions.

Note 9 – Related Party Transactions

No related party transactions in 2020.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2020
(Continued)**

Note 10 – Old Mill Stream Foundation

In FY 2005, the Old Mill Stream Foundation was created. The Old Mill Stream Foundation was organized as an entity of the Hancock County Agricultural Society but is not controlled by the Society's Board of Directors. The Foundation's Board consists of community leaders interested in the well-being or revitalization of the grounds. They decide how to allocate the funds received and assist in capital funding with the cooperation of the Fair Board. None of the funds received by the Foundation will be used to support operating expenses. Three member of the Fair Board were appointed to serve on the Foundation Board. The Foundation Board is made up of ten members. The Foundation receives private donations and is a tax exempt 501(c)(3) charitable organization.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. In addition, the impact on the Society's future operating costs, revenues, and any recovery from the emergency funding, either federal or state, cannot be estimated.

On April 29 2020, The Society received \$23,000 from the PPP Stimulus Grant and all of the amount was used for employee salaries and wages.

On August 27, 2020, The Society received \$15,000 from the State of Ohio directed to each fair which were unable to hold their annual fair. These funds were used for COVID expenses and loss of revenue.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
FOR THE YEAR ENDED NOVEMBER 30, 2019**

| | 2019 |
|---|-------------------|
| Operating Receipts: | |
| Admissions | \$ 144,939 |
| Privilege Fees | 86,153 |
| Rentals | 208,557 |
| Sustaining and Entry Fees | 31,695 |
| Other Operating Receipts | 506,958 |
| Total Operating Receipts | 978,302 |
| Operating Disbursements: | |
| Wages and Benefits | 113,728 |
| Utilities | 80,109 |
| Professional Services | 80,698 |
| Equipment and Grounds Maintenance | 26,748 |
| Property and Rent Services | 147,628 |
| Race Purse | 100,669 |
| Senior Fair | 17,486 |
| Junior Fair | 31,442 |
| Capital Outlay | 215,303 |
| Other Operating Disbursements | 577,844 |
| Total Operating Disbursements | 1,391,655 |
| Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements | (413,353) |
| Non-Operating Receipts (Disbursements): | |
| State Support | 83,901 |
| Local Support | 339,105 |
| Donations/Contributions | 465,892 |
| Investment Income | 3,961 |
| Debt Service | (192,389) |
| Net Non-Operating Receipts (Disbursements) | 700,470 |
| Excess (Deficiency) of Receipts Over (Under) Disbursements | 287,117 |
| Cash Balance, Beginning of Year | 518,256 |
| Cash Balance, End of Year | \$ 805,373 |

The notes to the financial statement are an integral part of this statement

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2019**

Note 1 – Reporting Entity

The Hancock County Agricultural Society (the Society), Hancock County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1938 to operate an annual agricultural fair. The Society sponsors the week – long Hancock County Fair during Labor Day weekend in September. During the fair, harness races are held, culminating in the running of the Western Ohio Colt Racing Association. Hancock County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hancock County and pay an annual membership fee to the Society.

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week and junior livestock sale. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including craft shows, horse shows, circuses, and personal property auctions. The reporting entity does not include any other activities or entities of Hancock County, Ohio.

Note 10 summarizes the Old Mill Stream Foundation's financial activity. The Junior Fair Board and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statements.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Society values Money Markets at cost.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2019
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b) (1) (A) (v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

Race Purse

North Central Ohio Colt stake races are held during the Hancock County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees Horse owners and Western Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

Note 3 – Deposits

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 30 was as follows:

| | |
|-----------------|--------------------------|
| | 2019 |
| Demand deposits | <u>\$ 805,373</u> |
| Total deposits | <u><u>\$ 805,373</u></u> |

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Society..

At November 30, 2019, \$169,945 of deposits were not insured or collateralized, contrary to Ohio law.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2019, in the amount of \$83,901 as State Support. In 2019, this included VLT funds of \$69,800.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2019
(Continued)**

Note 5 – Risk Management

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Risk Pool Membership

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity’s) policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | <u>2019</u> |
|-----------------------|--------------------|
| Cash and Investments | \$38,432,610 |
| Actuarial liabilities | \$14,705,917 |

Note 6 – Social Security

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants’ gross salaries. The Society has paid all contributions required through November 30, 2019.

Note 7 – Debt

Debt outstanding at November 30, 2019 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-----------------------------|-------------------|----------------------|
| John Deere Tractor Lease | \$ 3,481 | 0.00% |
| Old Mill Stream Centre Loan | 571,150 | 3.76% |
| Real Estate Loan | 59,079 | 6.75% |
| Total | <u>\$ 633,710</u> | |

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2019
(Continued)**

Note 7 – Debt (Continued)

On March 21, 2017, the Society entered into a capital lease agreement with John Deere Financial. The amount outstanding as of November 30, 2019 was \$3,481. The lease ends on March 20, 2020 with the purchase option price of \$3,128.

On October 14, 2017, the Society received loan proceeds from Fifth Third Bank to construct a Multi-Purpose Building on the fairgrounds. The current loan bears an interest rate of 3.76 percent and matures on September 14, 2023.

On June 11, 2018, the Society received loan proceeds from Ag Credit to acquire additional property for the fairgrounds. The current loan bears an interest rate of 6.75 percent and matures on July 1, 2025.

On June 9, 2014, the Society received loan proceeds from the Old Mill Stream Foundation to add on to the Buckeye Building on the fairgrounds. As of November 30, 2019, the Society owes no outstanding balance for the loan.

Amortization of the above debt is scheduled as follows:

| Year Ending November 30: | John Deere | Old Mill | Real Estate | Total |
|--------------------------|-----------------|--------------------|------------------|-------------------|
| | Tractor Lease | Stream Centre Loan | Loan | |
| 2020 | \$ 2,293 | \$ 151,104 | \$ 8,854 | \$ 162,251 |
| 2021 | 1,188 | 156,884 | 9,475 | 167,547 |
| 2022 | - | 162,886 | 10,135 | 173,021 |
| 2023 | - | 100,276 | 10,840 | 100,276 |
| 2024 | - | - | 11,595 | - |
| 2025-2029 | - | - | 8,180 | - |
| | <u>\$ 3,481</u> | <u>\$ 571,150</u> | <u>\$ 59,079</u> | <u>\$ 633,710</u> |

Note 8 – Construction and Contractual Commitments

As of May 30, 2021 the Hancock County Agricultural Society is contractually committed to Clouse Construction for the erection of a Youth Building not to exceed the amount of \$608,000. This obligation is secured by private contributions.

Note 9 – Related Party Transactions

A Board member is the owner of a company from which the Society acquired electrical services during 2019. The Society paid \$23,110 for these acquisitions. The Board member abstained from all decisions regarding these transactions.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2019
(Continued)**

Note 10 – Old Mill Stream Foundation

In FY 2005, the Old Mill Stream Foundation was created. The Old Mill Stream Foundation was organized as an entity of the Hancock County Agricultural Society but is not controlled by the Society's Board of Directors. The Foundation's Board consists of community leaders interested in the well-being or revitalization of the grounds. They decide how to allocate the funds received and assist in capital funding with the cooperation of the Fair Board. None of the funds received by the Foundation will be used to support operating expenses. Three member of the Fair Board were appointed to serve on the Foundation Board. The Foundation Board is made up of ten members. The Foundation receives private donations and is a tax exempt 501(c)(3) charitable organization.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Society. In addition, the impact on the Society's future operating costs, revenues, and any recovery from the emergency funding, either federal or state, cannot be estimated.



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740.373.0056

1907 Grand Central Ave.
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304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

May 30, 2021

Hancock County Agricultural Society
Hancock County
P.O. Box 148
Findlay, Ohio 45839

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the cash balances, receipts and disbursements of the **Hancock County Agricultural Society**, Hancock County, Ohio, (the Society) as of and for the years ended November 30, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated May 30, 2021, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Society.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2020-001

Material Weakness

Financial Reporting

The Society presented its 2020 - 2019 financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. The following errors were noted:

- Capital Outlay payments were recorded as Debt Service in 2019;
- Fund Balance adjustments were made due to not recording prior audit adjustments.
- Hotel / Motel revenue from the County was recorded as Donations / Contributions rather than Local Contributions.
- Live Stock Revenue was recorded as Donations / Contributions rather than Other Operating Receipts.
- Debt proceeds for new loans were not recorded in the accounting system in 2020; and
- During the audit, aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures.

The Society's accompanying financial statements and accounting system fund balances, where applicable, have been adjusted and reclassified to correct the above errors.

We recommend the Society refer to *Uniform System of Accounting for Agricultural Societies* for guidance to aid in the recording financial activity. Failure to properly record financial activity could result in inaccurate financial statements, future audit adjustments, and decisions made by the Society's Board based on inaccurate financial information. We also recommend the Society use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report.

Management's Response – We did not receive a response from officials to this finding.

**HANCOCK COUNTY AGRICULTURAL SOCIETY
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2020 AND 2019**

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|---------------------|----------|------------------------------|
| 2018-001 | Financial Reporting | Repeated | Repeated in Finding 2020-001 |

OHIO AUDITOR OF STATE KEITH FABER



HANCOCK COUNTY AGRICULTURAL SOCIETY

HANCOCK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/24/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov